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# AGRICULTURAL OUTLOOK DIGEST

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General price strength is expected for livestock: Hog prices may be above 1964 levels all year, and fed cattle and lamb markets may maintain recent price strength through the first half.

- The pig crop last June-November--source of winter and spring pork supplies--was off 8 percent from a year earlier. And producers in December said they planned to farrow 7 percent fewer sows for the current December-May pig crop than they did last year...First quarter hog prices may turn out moderately above the year-earlier average of \$14.63 per cwt. (barrows and gilts, 8 markets). Subsequent prices should hold above 1964 levels.

- First quarter fed cattle prices will likely average a little above the previous quarter's \$24.50 (Choice steers, Chicago) and much above a year earlier. Recent cattle on feed report reflects likelihood of continued strength: Numbers January 1 were 1 percent (32 States) above a year earlier, but there were 10 percent fewer heavyweight cattle. Market weights have been running below a year earlier; continued trend is expected, limiting beef production.

- Slaughter lamb prices were higher in late 1964 and early 1965 than they have been at this season in several years. They were \$20.50 in the week ended January 16, up \$1.30 from a year earlier (Choice lambs, Denver). Number of sheep and lambs on feed January 1 was off 9 percent from the year before; means continued price strength...1965 lamb crop will likely be down, too.

- Fourth quarter 1964 hatchings portend a slight January-March gain in broiler output over a year ago. Gain may extend through the year. But first half prices may edge above a year earlier. Reasons: Less red meat and turkey competition, higher consumer incomes. But Common Market developments could shave exports, hurt prices.

Egg prices may falter, continuing recent weakness, and average below last year. Production was up last year from 1963; some further gain seems in store for the first half of 1965, followed by a larger rise in the second half. Fourth quarter 1964 prices to producers sagged a little more than 2 cents under the 35.9 cents per dozen a year earlier.

Milk prices near year earlier through first quarter: Relative fourth quarter 1964 strength largely resulted from unusually heavy foreign demand for butter and nonfat dry milk...Helped push producer milk prices last year 1.5 percent above 1963.

WHEAT: The seeded acreage report for 1965 crop showed farmers put about 45 million acres in winter wheat--most in over a decade and 2 million above 1964. Cornbelt cutbacks were more than offset by big gains in main plains and western States. Output from such acreage could go 17 million bushels above last year's 1,025 million (December 1 indications)...But figure is very preliminary--plans change. Farmers this year also have acreage substitution option under 1965 wheat and feed grain programs.



**FEED GRAINS:** The smaller 1964 crop (137 million tons, off nearly 20 million from 1963 because of drought) and increased loan rates have raised feed grain prices this winter: Corn in December was 7 cents a bushel above a year earlier. Prices will likely be a little above year-earlier levels through the first half this year.

Total feed grain supply this marketing year is put at 206 million tons, down 15 million from 1963-64. Domestic disappearance may slip a little from the 133 million tons a year earlier, but exports will likely at least equal the previous 18.7 million... Carryover may drop 10-12 million tons from the 69 million at start of 1964-65.

**SOYBEANS:** Record soybean utilization in October-December 1964 has dropped remaining supplies this season below year-earlier levels in the face of increased crusher and exporter demand. October-December crush totaled an estimated 131 million bu., up 12 million from the year before; exports went up 17 million, to about 80 million bu.

Producer prices averaged \$2.61 per bu. during the heavy fall marketing months, about unchanged from the year before. Prices the rest of the season may average higher, in contrast to fall-off last year to January-September average of \$2.46.

**VEGETABLES:** Production of tender vegetables for fresh market will be relatively light into late March. This year, like last, mid-January freezes in Florida heavily damaged snap beans, sweet corn, cucumbers, peppers, and tomatoes. Thus, prices of these items likely will average close to the high year-earlier levels. Damage to hardier vegetables was less severe. Marketings of items such as cabbage, celery, carrots, and lettuce will likely be seasonally heavy by March.

Potato stocks are lowest since 1958. They were down to 98 million cwt. January 1, a 16 percent drop from beginning 1964 stocks. Last fall's crop was off 11 percent from the year before, and marketings have been heavy. The small winter crop, which supplements fall output, probably is up slightly from last year but about 8 percent below average.

**FRUIT:** Because of heavier crops in Florida and Texas, supplies of fresh and processed citrus fruit are expected to be much larger during the first half of 1965 than the year before, when output was down because of previous freeze damage. The U.S. orange crop is an estimated 22 percent above a year earlier, although still somewhat below average. The grapefruit crop is up an estimated 18 percent, but a bit below average. The mid-January 1965 freeze probably did little damage to the Florida citrus crop.

**COTTON:** Mill consumption of cotton during the 1964-65 crop year is put at 9.6 million bales, up 1.1 million from the year before and the most since 1950-51. But exports are slipping: They will probably be down sharply from the 5.7 million bales in 1963-64. Thus, since 1964's crop, at 15.2 million bales, was about like 1963 production, the August 1 carryover may go up substantially from last year's 12.1 million.

**WOOL:** World wool prices have dropped 20-25 percent since the second quarter of 1964. They will likely stay at low December levels through the first half of 1965. Reduced prices result from decreased mill use in major manufacturing countries, increased supplies, and shifts to man-made fibers.

U.S. wool prices have been above world levels because of limited supplies of domestic wools. However, U.S. prices also slipped 5-10 percent in the second half of 1964. A further decline is expected through the first half of this year.

**TOBACCO:** Cigarette consumption last year was an estimated 508 billion, off 3 percent from 1963. It fell sharply after release of the smoking and health report early last year, but climbed to near year-earlier levels late in the year. Consumption this year probably will keep edging up and total above last year.